VZCZCXRO8956 OO RUEHCHI RUEHNH RUEHPB DE RUEHDT #0308/01 1651505 ZNY CCCCC ZZH O P 141505Z JUN 06 FM AMEMBASSY DILI TO RUEHC/SECSTATE WASHDC IMMEDIATE 2682 INFO RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC RUEKJCS/SECDEF WASHINGTON DC RUCNDT/USMISSION USUN NEW YORK PRIORITY 0527 RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE RUEHXX/GENEVA IO MISSIONS COLLECTIVE RUEHBY/AMEMBASSY CANBERRA PRIORITY 0598 RUEHLI/AMEMBASSY LISBON PRIORITY 0518 RUEHLO/AMEMBASSY LONDON PRIORITY 0366 RUEHKO/AMEMBASSY TOKYO PRIORITY 0379 RUEHWL/AMEMBASSY WELLINGTON PRIORITY 0457 RUEHBR/AMEMBASSY BRASILIA PRIORITY 0251 RHHMUNA/HQ USPACOM HONOLULU HI RUEKJCS/JOINT STAFF WASHDC RHEFDIA/DIA WASHINGTON DC RUEHDT/AMEMBASSY DILI 2007

C O N F I D E N T I A L SECTION 01 OF 03 DILI 000308

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E.O. 12958: DECL: 6/13/2016

TAGS: PGOV MOPS ASEC PHUM KPKO CASC PO MY TT AS SUBJECT: EAST TIMOR SITREP FOR JUNE 14, 2006

REF: A) DILI 35; B) DILI 306

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CLASSIFIED BY: Grover Joseph Rees, Ambassador, U.S. Embassy Dili, Department of State. REASON: 1.4 (b), (d)

11. (U) Summary:

President addresses Parliament; Fretilin presents itself as the victim; Ramos-Horta briefs diplomatic corps on GOET requests for post UN-mission; Prime Minister wants Timorese control of police; Security environment; End Summary.

President addresses Parliament

12. (U) In an address to Parliament today, President Xanana Gusmao accepted responsibility for the current crisis on behalf of the sovereign institutions of East Timor and reaffirmed his commitment to act in accordance with the Constitution. The President then informed Parliament of his planned travel to Bali next Saturday to thank Indonesian President Susilo Bambang Yudhoyono for recent humanitarian assistance. Gusmao also announced a compromise with Prime Minister Mari Alkatiri on the criminal defamation provision of the pending penal code. Gusmao, who had objected to the provision (see Ref A), accept criminalizing defamation provided that it be punished only with a fine, not with prison time. To enact this compromise, Alkatiri will ask Parliament to extend the legislative authorization, which will allow GOET time to re-draft the code and publish it in the official bulletin. President also asked Parliament to give quick attention to the Government's USD 312 million budget proposal, which includes USD 10 million to reconstruct homes destroyed in recent violence; USD 11 million for public grants for job creation and related activities; USD 8 million for food security; funds for a pension fund for former combatants; USD 5 million for electricity subsidies; and funds for rural credit, community development, and social activities. Gusmao also thanked all national and international actors who have contributed to humanitarian relief and peacekeeping. He reiterated appeals by various Government of East Timor (GOET) leaders for a renewed UN presence and an international investigation into the violent events of April 28 and May 25 and related matters.

Fretilin presents itself as the victim

- 13. (U) The Embassy obtained a Portuguese language copy of the Resolution against Violence, which a bare quorum of Parliament approved yesterday after opposition party members walked out of Parliament in protest of the resolution (see Ref B). The resolution contains general statements against violence and disunity and calls for the international forces to get control the situation quickly. Most provisions of the resolution, however, amount to a highly idiosyncratic analysis of recent events in which Fretilin and its leaders are exonerated from any responsibility for the violence and are instead cast as its principal victims. The resolution:
- -- Specifically repudiates accusations that the Prime Minister and the ruling party (Fretilin) armed groups of civilians;
- -- Repudiates "acts of terror" committed against Fretilin members and offices (with no similar condemnation of violent acts committed against non-Fretilin individuals);
- -- Calls for international military forces to withdraw to a security perimeter around Dili and to allow the Portuguese paramilitary police (GNR) and other international police forces

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to control law and order in the city; and

- -- Calls on international forces to "confine" various anti-government groups, including dissident groups of Timorese military (F-FDTL) and police (PNTL) who as well as the petitioners (the 595 F-FDTL members dismissed in March).
- 14. (U) Fretilin leaders also issued an official communique today. Although it was issued under the name of President of Parliament Francisco Lu'Olo Guterres, who is also President of Fretilin, it referred to Lu'Olo and to Prime Minister Alkatiri frequently in the third person ("Comrade Lu'Olo" and "Comrade Mari Alkatiri") and reiterated most of the points in yesterday's resolution. In the message, Lu'Olo denounced claims that Fretilin has distributed firearms to "intimidate or kill anyone," noting that Fretilin fully expects to win the 2007 elections and therefore has no need to distribute firearms. The message also included multiple references to the large majority Fretilin currently enjoys in Parliament as well as references to "manoeuveres" and "manipulations" aimed at "deposing our Constitutional Government." It also urges Fretilin members "to create and strengthen FRETILIN's structures to carry out vigilance within their neighborhoods."
- 15. (C) Comment: Both the resolution in Parliament and the Fretilin statement contain phrases that might be designed to distance the party from the alleged actions of Prime Minister Alkatiri and former Interior Minister Rogerio Lobato. Both documents denounce violence, and today's statement notes the recent creation of a political committee to manage the affairs of the party in between party congressess. This could be interpreted as a reminder to Alkatiri, who is Fretilin Secretary-General, that he does not singlehandedly run the

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defend Alkatiri and/or appear to reject reported attempts from more moderate Fretilin insiders to loosen the hold of the Prime Minister and President of Parliament over the party and its policies. End Comment.

Ramos-Horta briefs diplomatic corps on ${\tt GOET}$ requests for post ${\tt UN-mission}$

16. (U) In a briefing today for the Dili diplomatic corps, Foreign Minister Ramos-Horta outlined elements of what he described as the GOET position on a new United Nations mission. He began by saying there should be "robust United Nations police force" with several elements including operational police, a rapid reaction force, and a unit to retrain the Timorese police. He said the international police force should be headed by a UN police commissioner who should have overall command of policing in East Timor. Ramos Horta added that the current international military forces "should transition to UN peacekeeping force, "perhaps in six months or a year. The Minister added that even after this transition is complete, command of the peacekeeping force "should be held by the largest contributing force" --- a clear reference to Australia --- unlike in previous UN missions that have rotated the command and sometimes given it to small countries that did not contribute substantially to the force. Finally, Ramos-Horta said there should be civilian elements including a human rights and justice component, which might conduct the investigation GOET has requested into the violence committed in East Timor since April 128. Although in other recent statements Ramos-Horta has requested that the United Nations "organize and administer" East Timor's upcoming national elections, in today's briefing he made no such reference.

Prime Minister wants Timorese control of police

17. (C) In a chance encounter with Prime Minister Alkatiri, Emboffs learned that the Alkatiri wants police trainers and a

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formed police unit as part of a new UN mission, but believes executive authority for policing in the country must be under the authority of GOET, not the UN. This is contrary to frequent public and private statements made recently by Foreign/Defense Minister Ramos-Horta, who has clearly requested --- ostensibly on behalf of GOET --- that the UN assume authority for policing. See paragraph 6. Ramos-Horta's position is shared by President Gusmao, so his assertions that it is the GOET position are technically accurate in light of the President's recent assumption of authority over security and defense.

18. (SBU) Contacts reported at least one arson and several gunshots last night. None of these disturbances were targeted toward Americans or other foreigners. Embassy sources reported that the JTF and GNR forces have begun conducting systematic searches for weapons in private homes in some of Dili's more troublesome neighborhoods. During the last two or three days numerous truckloads of people have left internally displaced persons (IDP) camps in Dili to return to their family homes in the three eastern ("lorosa'e") districts, apparently at the behest of local leaders in these districts who believe that lorosa'e people in Dili are not being adequately protected. Although this exodus will decrease congestion in overcrowded IDP camps, some observers have expressed fears that it could increase the level of east-west polarization and mutual misunderstanding. REES